

# **LOCAL OPTION CAPITAL ASSET LENDING (LOCAL) EQUIPMENT & REAL ESTATE**

## **Financing Documents**



**Michael J. Murphy  
Washington State Treasurer  
Booklet October 2003**

# Financing through LOCAL

(Local Option Capital Asset Lending)

is as easy as ① - ② - ③ .

- ① Submit a Notice of Intent. Attach a real estate worksheet, if applicable.
- ② Submit a credit form or a copy of rating agency letter showing an A rating or better.
- ③ Submit signed financing documents.

For help or information, contact:

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**LOCAL online: [www.tre.wa.gov](http://www.tre.wa.gov)**  
(click on LOCAL tab)

# Financing through the LOCAL Program

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## 1 Submit Notice of Intent (NOI)

Include a real estate worksheet, if applicable.

The **Notice of Intent** (NOI) helps the Office of the State Treasurer plan for future financing and check compliance with financing requirements.

The signed NOI should be mailed to:

Office of the State Treasurer  
Debt Management  
PO Box 40200  
Olympia WA 98504-0200

- The NOI should indicate the maximum amount to be financed. For real estate transactions, the NOI should be accompanied by the **Real Estate Worksheet**.
- Office of the State Treasurer staff will review the NOI for completeness, essentiality of equipment/real estate project, length of finance term, useful life of equipment and compliance with other financing requirements.
- You will receive an acknowledgment letter from the Office of the State Treasurer that the NOI has been received and a contract number has been assigned for your transaction. The Office of the State Treasurer will send a copy of the NOI to your county treasurer for cash management and overlapping debt compliance. *We recommend waiting to receive formal written approval before making financial commitments.*
- We will provide financing forms to local governments that submit a Notice of Intent. Local governments should tell us the format in which they would like to receive financing documents: (a) from our website at [www.tre.wa.gov](http://www.tre.wa.gov); (b) paper version via U.S. mail; or (c) electronic version (Word Version 2002) via e-mail.

## 2 Submit credit form, if indicated

Local governments *may* need to provide a **Credit Form** prior to approval.

- The LOCAL Program is available to any commission established under Title 15 RCW: libraries or regional libraries, educational service districts, the superintendent of public instruction, the school directors' association, health districts, counties, cities, towns, school districts or other municipal corporations or quasi-municipal corporations described as such by statute in the state of Washington, subject to certain credit requirements. Local governments with an existing bond rating\* may use the rating as an indicator of credit qualification. *A credit rating is not a requirement for participation in the LOCAL Program.*
- All local governments must receive approval from the Office of the State Treasurer to finance through the LOCAL Program. You will receive a formal letter upon approval.
- Use the following table to determine whether your local government will need to complete a credit form.

i )	Do you have an existing bond rating of A or better from Moody's, Fitch or Standard & Poor's?  * Note: For local governments who have used bond insurance to secure Aaa ratings, please use underlying rating for this purpose.	<b>If yes, credit form is not required.</b>  (Attach a copy of rating agency letter)
ii )	Will the borrowing be repaid from a voter-approved bond levy?	If yes, credit form is not required.  (Attach certification of election results)
iii )	If no to i) & ii) above.	A credit form is required.

### 3 Submit completed financing documents

The state's certificate counsel has worked with the Office of the State Treasurer to create standardized financing documents for LOCAL financing. Because all financing documents provided by the Office of the State Treasurer are standardized, they are not subject to negotiation or amendment. Documents must be completed by the local government and signed by an authorized representative of the local government. *Documents returned to the Office of the State Treasurer must have original signatures.*

- Financing documents should be completed, signed, and forwarded to the Office of the State Treasurer.
- After written approval for financing is received, a local government may acquire and pay for the property. Approval for financing may be contingent on certain criteria being satisfied.

The LOCAL Program can be used to finance personal and real property

♦ **For equipment**, local governments have two options.

- A. Acquire the equipment, pay the vendor and request reimbursement through the LOCAL Program.
- B. Proceeds from the LOCAL program may be paid by the Office of the State Treasurer directly to the vendor, based on instruction from the local government. LOCAL program funds should be disbursed within 60 days of issuance.

♦ **For real estate**, local governments have several options.

- A. Acquire the property or complete construction/remodel, through available funds, and request reimbursement through the LOCAL Program.
- B. Finance through LOCAL for construction projects (construction contract should be in place prior to financing)
- C. Refinance an existing loan through the LOCAL Program.

## Equipment financing

Forms provided by the Office of the State Treasurer

- A. **Notice of intent** – Notifies the Office of the State Treasurer of dollar amounts, dates and contact person(s) for the upcoming financing. (page 9).
- B. **Credit form** – Information to judge the agency's legal ability to incur the debt (assessment of debt capacity) and its ability to repay the debt (assessment of debt affordability). (pages 13 - 15)
- C. **Form of reimbursement resolution:** Required if agency is planning to seek reimbursement through the LOCAL Program. (page 17)
- D. **Authorizing resolution** or, *for cities*, **authorizing ordinance** – Authorizes the financing of the property through the LOCAL program and designates the number of individuals required to execute the financing with the Office of the State Treasurer. (page 18 or 19)
- E. **Certificate of authorizing resolution or ordinance** – to certify a true copy of a resolution (page 22)
- F. **Certificate of authorized agency representatives** – Designates the agency representatives authorized to execute the financing and states the number of signatures required. (page 23)
- G. **Local agency financing contract personal property** - Establishes the contractual obligations of the local agency in the transaction and confirms the intent of the agency to acquire equipment through installment purchase agreements and remit installment payments to the Office of the State Treasurer. (page 25)
- H. **Personal property certificate** – Describes the equipment, the vendor(s), and the amount to be financed and directions for disbursement. (page 24)
- I. **Opinion of local agency counsel** – Legal opinion on behalf of the local agency verifying its authority to enter into the contract. *It is not the intent of this requirement to solicit a local counsel opinion on the financing documents.* (page 31)
- J. **Tax certificate** – Information about compliance with IRS regulations to ensure the tax-exempt status of the COP issue. By signing the tax certificate, the agency acknowledges it has read, understands and will comply with the IRS regulations. (pages 33 - 35)
- K. **Evidence of incumbency** – Certificate from the state auditor or ESD identifying the governing body with names and terms of office. (page 36)

## Real estate financing

### Forms provided by the Office of the State Treasurer

- A. **Notice of intent** - Notifies the Office of the State Treasurer of upcoming financing dollar amounts, dates and contact person(s). (page 9)
- B. **Real estate worksheet** - Provides information about the real property to be financed. (pages 10 - 12)
- C. **Credit form** – Provides the information needed to analyze the agency’s legal ability to incur the debt (assessment of debt capacity) and its ability to repay the debt (assessment of debt affordability). (pages 13 - 15)
- D. **Form of reimbursement resolution:** Required if agency is planning to seek reimbursement through the LOCAL Program. (page 17)
- E. **Authorizing resolution** or, *for cities*, **authorizing ordinance** – Authorizes the financing of the property through the LOCAL program and designates the number of individual(s) required to execute the financing with the Office of the State Treasurer. (page 20 or 21)
- F. **Certificate of authorizing resolution or ordinance** – to certify a true copy of a resolution (page 22)
- G. **Certificate of authorized agency representatives**– Designates the agency representatives authorized to execute the financing and states the number of signatures required. (page 23)
- H. **Local agency financing lease Real Property**– local agency – Agreement between the local agency and the nominal lessor that provides for the use of the land and facility in exchange for lease payments to be made by the agency. The Office of the State Treasurer appoints a nominal lessor, currently the Washington Finance Officers Association (the “Corporation”). (page 26)
- I. **Local agency site lease** –Agreement between the local agency and the nominal lessor that provides for the lease of the land for a period that usually extends five years beyond the term of the financing lease. The site lease provides security for the financing lease. (pages 27 - 30)
- J. **Opinion of local agency counsel** – Legal opinion on behalf of the local agency verifying its authority to enter into the contract and that the agency has legally adopted the resolution(s). *It is not the intent of this requirement to solicit a local counsel opinion on the financing documents.* (page 32)
- K. **Tax certificate** – Information about compliance with IRS regulations to ensure the tax-exempt status of the COP issue. By signing the tax certificate, the agency acknowledges it has read, understands and will comply with the IRS regulations. (pages 33 - 35)
- L. **Evidence of incumbency** – Certificate from the state auditor or ESD identifying the governing body with names and terms of office. (page 36)

## M. Information to be provided by the local agency

- A. **Evidence of insurance.** Contact your insurance agent for a certificate of insurance on the property to be financed. At a minimum, hazard insurance for the amount of the financing (or guaranteed replacement) and a \$1 million liability policy are required.
- B. **Title insurance.** Provide a copy of your title insurance policy for real property transactions.

*Remember: To be included in the next COP issue, the local government is responsible for completing all required documentation, with original signatures, and providing it by the All Documents In cutoff date to the Office of the State Treasurer.*

### Timing

This overview of the LOCAL schedule can help you plan the timing of financing requests. We recommend allowing additional time the first time a local agency uses the program.

The Office of the State Treasurer pools state agency and local government requests into quarterly offerings of securities. Therefore, only those applications that have completed and acknowledged NOI's, credit forms (if required) and completed financing documents will be included in a securities offering. Completed applications received after the cutoff date will be held and included in the next offering.

### Cutoff and funding dates:

Funds Available	Project Type	NOI Cut-Off	All Documents In Cut-Off	First Payment Due
Mid-March	Equipment	February 1*	February 1*	June 1 year of issue**
	Real Estate	January 1*		
Mid-June	Equipment	May 1*	May 1*	December 1, year of issue**
	Real Estate	April 1*		
Mid-September	Equipment	August 1*	August 1*	December 1, year of issue**
	Real Estate	July 1*		
Mid-December	Equipment	November 1*	November 1*	June 1, following year**
	Real Estate	October 1*		

\*When the 1st falls on a weekend or holiday, the cutoff date will be the next business day.

\*\*Each local agency payment will include principal and interest

LOCAL securities are generally sold the first week of the month following the cutoff date. Sale proceeds are disbursed approximately the middle of that month.



# Notice of Intent

## State of Washington LOCAL(Local Option Capital Asset Lending)

Annex 1 to Authorizing Resolution  
Exhibit A to Local Agency  
Financing Contract (Equipment)  
Exhibit A to Local Agency  
Financing Lease (Real Property)

### Local Government Information

County: \_\_\_\_\_

Legal Name: \_\_\_\_\_ MCAG No.: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Title: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ E-mail: \_\_\_\_\_

Would you prefer to receive financing documents (check one): ☐ Already have financing documents

☐ MS Word 6.0 by e-mail ☐ 3.5" disk – Word 97 by U.S. mail ☐ Hard copy by U.S. mail

### Property (Real Estate or Equipment)

Property description (include quantity, if applicable): \_\_\_\_\_

Total cost: \$ \_\_\_\_\_ Maximum amount to finance: \$ \_\_\_\_\_

Finance term: \_\_\_\_\_ Useful life: \_\_\_\_\_ Desired financing date: \_\_\_\_\_

Purpose of property (Please be specific and include dept. of use): \_\_\_\_\_

If **real estate**, the Real Estate Worksheet: ☐ Is attached ☐ Will be provided by (date) \_\_\_\_\_

If **equipment**, will the property purchase price be paid with: ☐ program proceeds or ☐ general funds to be reimbursed from program proceeds? If general funds are to be used, include a copy of the local agency's reimbursement resolution with the financing documents.

### Security Pledge

☐ Voted general obligation of local government.. ☐ Non-voted general obligation of local government

### Other Information

Approximate population: \_\_\_\_\_ (not required for cities and counties).

If any of the following apply, please provide a complete discussion on a separate page:

☐ Yes ☐ No Does the local government use registered warrants, interfund loans or other cash flow borrowing?

☐ Yes ☐ No Is the local government a party to significant litigation?

☐ Yes ☐ No Is this a reimbursement? If yes, date funds spent \_\_\_\_\_

We are not required to submit the Credit Form because \_\_\_\_\_

Does local government have a bond rating? ☐ Yes ☐ No Bond rating(s): \_\_\_\_\_  
(attach rating agency letter)

By executing this Notice of Intent, the local agency acknowledges, agrees to and accepts its designation and appointment as the agent of the nominal lessor in connection with the acquisition of the project. By executing this Notice of Intent, the local agency further acknowledges and agrees that certificate counsel and any other special counsel to the state in connection with the authorization, issuance and delivery of the certificates and the related financing documents shall not be acting, and shall not be deemed to act, as counsel to the local agency, nor shall any attorney-client relationship exist or be deemed to exist between such counsel and any participating local agency in connection with such matters.

Submitted by: \_\_\_\_\_ Title: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

LOCAL Program  
(3 pages)

**General**

Common name of property/building: \_\_\_\_\_

Address of property/building: \_\_\_\_\_

Agency contact re: real estate/construction: \_\_\_\_\_

Agency contact re: financing: \_\_\_\_\_

Expected interim financing provider \_\_\_\_\_

**Timing**

If acquisition, what is target acquisition date? \_\_\_\_\_

If construction, what is expected timing?

Bid date: \_\_\_\_\_

Construction start: \_\_\_\_\_

Construction completion: \_\_\_\_\_

**Estimated Project Budget\*\***

Please provide an estimated project budget as follows. All soft costs should be identified.

Acquisition price	_____
Acquisition costs (provide detail)	_____
Title insurance	_____
Phase I	_____
Other _____	_____
Other _____	_____
Construction Costs	_____
Contract price	_____
Architect/Engineer	_____
Other _____	_____
Other _____	_____
<b>Total project cost</b>	_____
<b>Amount paid by agency</b>	_____
<b>Total amount to borrow</b>	_____

\*\* Include only costs to be incurred by the agency. All costs relating to the LOCAL Program financing will be estimated and provided by the Office of the State Treasurer.

## Required Information and Documentation

- 1) Please provide a copy of the **legal description** of the property to OST, who will provide a copy to certificate counsel as well.
- 2) Has a title report or preliminary commitment for **title insurance** been obtained? Yes ☐ No ☐  
If so, please provide a copy to OST
- 3) Has a Phase 1 **environmental review** been performed? Yes ☐ No ☐  
If not, why not? If so, were there any items that indicated the need for a Phase 2 review?
- 4) Is the agency seeking:

**Reimbursement** through the LOCAL Program? Yes ☐ No ☐

If so, a Reimbursement Resolution must be completed and provided to OST as soon as possible.

Describe the source of funds being reimbursed. \_\_\_\_\_

\_\_\_\_\_

**Refinancing** through the LOCAL Program? Yes ☐ No ☐

If so, please provide a copy of the existing financing contract to OST.

## Financing Structure and Terms

Amount to be financed \_\_\_\_\_

Desired length of financing \_\_\_\_\_

First payment date desired \_\_\_\_\_

(All payments are due on June 1 and December 1 of each year)

Final payment date \_\_\_\_\_

Repayment source \_\_\_\_\_

(i.e. voted levy, revenues, savings from payment reductions)

## Use of Land or Building

- 1) What is the size of the building (square feet)? \_\_\_\_\_
- 2) What is the intended use of the building? \_\_\_\_\_
- 3) Is the property to be acquired currently occupied by any agency of the State, or any local government agencies?
- 4) Is the property currently occupied by any private or federal government tenants (including non profits)? If so, are any private or federal government tenant leases expected to continue?
- 5) For any private or federal government leases that are expected to continue, please provide the following for EACH tenant:

**Business/agency use** \_\_\_\_\_  
\_\_\_\_\_

Ending date of lease term \_\_\_\_\_

Terms of any renewal options \_\_\_\_\_

Periodic lease payments \_\_\_\_\_ (monthly) (annually)

Square footage occupied \_\_\_\_\_

Intended use of property by the agency \_\_\_\_\_

- 6) Any leases that are expected to continue must be assigned to the local agency. Also, for any private tenants, estoppels must be provided, and all security deposits and prepaid rents should be transferred to the agency.
- 7) Does the agency expect to enter into ANY type of management agreements, service contracts or other business arrangements relating to the property with any other parties?

# Office of the State Treasurer

State of Washington

LOCAL Program

## Credit Form

Please provide the following information so the Office of the State Treasurer (OST) can review the agency's application to borrow the funds requested in the Notice of Intent. Remember, it is important that all information be provided. When appropriate, feel free to provide explanatory information.

When OST receives the completed form, you will be notified in writing of acceptance or non-acceptance to borrow through the LOCAL Program.

### 1) General Information – Please modify as necessary

(Name of entity) \_\_\_\_\_ is located in the (incorporated) (unincorporated) community of \_\_\_\_\_. The applicant provides \_\_\_\_\_ services to approximately \_\_\_\_\_ residents living in approximately \_\_\_\_\_ square miles.

Please provide a brief background on the agency, when it was formed, what changes have occurred in service area and tax base (annexations, mergers, etc.) or changes that have been proposed. Also indicate the form of governance.

### 2) Assessed valuation of the agency

Year of tax Collection (include last 5 years)	Total assessed value for regular levy	Reduced assessed value for excess or bond levy
Current year		

### 3) Tax Levy and Rate

Provide the levy rate per \$1,000 assessed to taxpayers, and the dollar amount of regular levy

Year of Tax Collection	Regular Levy Rate per \$1,000	Regular Levy Total \$\$ Levied		Other Levy Rate per \$1,000	Bond Levy Rate per \$1,000
Current Year					

4) **Outstanding debt**

Include the following information on all outstanding debt, including bonds, loans or leases, and any short-term obligations including registered warrants, interfund loans or loans from the County Treasurer, if applicable. Also, include any outstanding state loans.

	<b>Debt No. 1</b>	<b>Debt No. 2</b>	<b>Debt No. 3</b>
Description of debt			
First payment date			
Last payment date			
Voted or non-voted			
Amount originally borrowed			
Amount currently outstanding			
Annual payments due			
Cash in bond fund, if any			
Fund responsible for repayment			

Provide information on additional obligations on an attached page.

- 5) Does the applicant have future, additional financing plans? Please discuss anticipated borrowing plans over the next 18 to 24 months. Be sure to discuss any borrowing that is in process, either here or above.
- 6) **Special Purpose Districts only:** List facilities and equipment operated by the district, and services provided. If you are a port, PUD or hospital district, briefly discuss the district's service area and competition.
- 7) Briefly discuss any **service contracts**, including contracts with cities, counties or special purpose districts within the applicant's boundaries, if any.
- 8) Discuss the applicant's levy rate history. Has the levy rate been reduced because of other taxing district levies? Are you aware of any potential problems with the municipality's levy rates?
- 9) Discuss any **significant employers or taxpayers** in the area. Are you aware of pending closures or changes in employment or tax base?
- 10) **If a special purpose district or county**, does the district or county know of any intentions by cities to annex portions of the district or county? Are there any intentions by residents to de-annex from the district, or dissolve the district? **If a city**, are there any annexations plans that will significantly impact the size and operations of the city?

11) Insurance – Please modify as appropriate, the following:

The [city/county/district] will insure the financed property in a minimum amount equal to the amount outstanding under the financing contract by means of [commercial insurance/insurance pool/other]. If other, please specify method of insuring the financed property.

12) Litigation – Please accept or modify as appropriate, the following:

There [is/is not] now pending or, to the best of knowledge, threatened, any litigation restraining or enjoining the execution of the Local Agency Financing Agreement or the levy and collection of taxes to pay the payments thereunder. [The city/county/district is party to routine legal proceedings and claims, and the collective impact of these legal proceedings and claims [is/is not] likely to have a material impact on revenues of the entity.]

13) List number of employees for past three years. Are employees represented by unions or bargaining groups? If yes, are all contracts in place and are labor relations good or poor?

14) **Financial Operations** (include as attachment to credit form)

**Please attach copies of the Statement of Revenues and Expenditures and Fund Balance Report for the General or Operating Fund, for the past five years.** Clearly indicate whether or not each year has been audited. If financial statements are not available for the most recent year, please provide preliminary numbers (and indicate that they are in process of completion). If there was unusual activity in any year (one-time expenditures or revenues), please provide details.

15) **Basis of Accounting:** \_\_\_\_\_

16) **Budget – General/Operating Fund (2 years) (INCLUDE AS ATTACHMENT TO CREDIT FORM)**

Please attach the budget summary for the General or Operating fund for the current and past year. Be sure it includes summary information on revenues and expenditures – do not send the entire budget.

Provide additional information that you think would be helpful in reviewing the applicant's credit for purposes of LOCAL Program qualification.

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The information provided above is complete and accurate to the best of my knowledge. I am not aware of any additional information that would affect the Office of the State Treasurer's review of the municipality.

Signed: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



Forms provided by the  
Office of the State Treasurer



# Form of Reimbursement Resolution

Resolution No. \_\_\_\_\_

**Section 1.** The \_\_\_\_\_ [insert name of local agency] (the “Local Agency”) reasonably expects to reimburse the expenditures described herein with the proceeds of a financing contract to be entered into by the Local Agency (the “Reimbursement Obligation”).

**Section 2.** The expenditures with respect to which the Local Agency reasonably expects to be reimbursed from the proceeds of Reimbursement Obligations are for \_\_\_\_\_ [insert general functional description of the property, project or program, for example, equipment, land and building construction, acquisition or remodel ].

**Section 3.** The expenditures with respect to which the Local Agency reasonably expects to be reimbursed from the proceeds of Reimbursement Obligations will be made from \_\_\_\_\_ [insert name of fund or account from which the expenditure will be made and description of the functional purpose of the fund, for example, parks and recreation fund--recreational facility capital improvement program].

**Section 4.** The maximum principal amount of Reimbursement Obligations expected to be issued for the property described in Section 2 is \$\_\_\_\_\_.

Adopted this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**Approved:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Form of Authorizing Resolution

Resolution No. \_\_\_\_\_

Authorization for the acquisition of personal property and execution of a financing contract and related documentation relating to the acquisition of said  
**PERSONAL PROPERTY.**

WHEREAS, \_\_\_\_\_ (the "Local Agency") has executed a Notice of Intent to the Office of State Treasurer, in the form attached hereto as Annex 1 (the "NOI"), in relation to the acquisition of and the financing of the acquisition of the Property, as defined below, under the provisions of RCW ch 39.94; and

WHEREAS, it is deemed necessary and advisable by the \_\_\_\_\_ of the Local Agency that the Local Agency acquire the equipment and/or personal property identified on Annex 1 attached hereto ("Property"); and

WHEREAS, it is deemed necessary and advisable by the \_\_\_\_\_ of the Local Agency that the Local Agency enter into a Local Agency Financing Contract with the Office of the State Treasurer, in the form attached hereto as Annex 2 (the "Local Agency Financing Contract"), in an amount not to exceed \$\_\_\_\_\_, in order to acquire the Property, and finance the acquisition of the Property and related financing costs;

WHEREAS, the Local Agency will undertake to acquire the Property on behalf of and as agent of the Washington Finance Officers Association (the "Corporation") pursuant to the terms of the Local Agency Financing Contract, and in accordance with all applicable purchasing statutes and regulations applicable to the Local Agency; and

WHEREAS, the Local Agency desires to appoint the individuals set forth in Annex 3 as the representatives of the Local Agency in connection with the acquisition of the Property and execution of the Local Agency Financing Contract (each an "Authorized Agency Representative");

NOW, THEREFORE, BE IT RESOLVED, by the \_\_\_\_\_ of \_\_\_\_\_ as follows:

**Section 1.** The individuals holding the offices or positions set forth in Annex 3 are each hereby appointed as a representative of the Local Agency in connection with the acquisition of the Property and execution of the Local Agency Financing Contract and all other related documents. A minimum of \_\_\_ Authorized Agency Representatives shall be required to execute any one document in order for it to be considered duly executed on behalf of the Local Agency.

**Section 2.** The form of the Local Agency Financing Contract attached hereto as Annex 2 is hereby approved and the Authorized Agency Representatives are hereby authorized and directed to execute and deliver the Local Agency Financing Contract, in an amount not to exceed \$\_\_\_\_\_ and in substantially the form attached hereto with such changes as may be approved by the Authorized Representatives, for the acquisition of the Property and financing of the acquisition of the Property and related financing costs.

**Section 3.** The Local Agency hereby authorizes the acquisition of the Property as agent of the Corporation in accordance with the terms and provisions of the Local Agency Financing Contract.

**Section 4.** The Authorized Representatives are hereby authorized to execute and deliver to the Office of State Treasurer all other documents, agreements and certificates, and to take all other action, which they deem necessary or appropriate in connection with the financing of the Property, including, but not limited to, any amendment to the NOI and agreements relating to initial and ongoing disclosure in connection with the offering of securities related to the financing.

**Section 5.** This resolution shall become effective immediately upon its adoption.

ADOPTED by the \_\_\_\_\_ of \_\_\_\_\_, at a regular/special meeting thereof held this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

[ S E A L ]

APPROVED:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

ATTEST:

\_\_\_\_\_

Form of Authorizing Ordinance

Ordinance No. \_\_\_\_\_

Authorization for the acquisition of personal property and execution of a financing contract and related documentation relating to the acquisition of said **PERSONAL PROPERTY**.

WHEREAS, \_\_\_\_\_ (the "Local Agency") has executed a Notice of Intent to the Office of State Treasurer, in the form attached hereto as Annex 1 (the "NOI"), in relation to the acquisition of and the financing of the acquisition of the Property, as defined below, under the provisions of RCW ch 39.94; and

WHEREAS, it is deemed necessary and advisable by the \_\_\_\_\_ of the Local Agency that the Local Agency acquire the equipment and/or personal property identified on Annex 1 attached hereto ("Property"); and

WHEREAS, it is deemed necessary and advisable by the \_\_\_\_\_ of the Local Agency that the Local Agency enter into a Local Agency Financing Contract with the Office of the State Treasurer, in the form attached hereto as Annex 2 (the "Local Agency Financing Contract"), in an amount not to exceed \$ \_\_\_\_\_, in order to acquire the property and finance the acquisition of the property and related financing costs;

WHEREAS, the Local Agency will undertake to acquire the property on behalf of and as agent of the Washington Finance Officers Association (the "Corporation") pursuant to the terms of the Local Agency Financing Contract, and in accordance with all applicable purchasing statutes and regulations applicable to the Local Agency; and

WHEREAS, the Local Agency desires to appoint the individuals set forth in Annex 3 as the representatives of the Local Agency in connection with the acquisition of the Property and execution of the Local Agency Financing Contract (each an "Authorized Agency Representative");

NOW, THEREFORE, BE IT ORDAINED, by the \_\_\_\_\_ of \_\_\_\_\_ as follows:

**Section 1.** The individuals holding the offices or positions set forth in Annex 3 are each hereby appointed as a representative of the Local Agency in connection with the acquisition of the Property and execution of the Local Agency Financing Contract and all other related documents. A minimum of \_\_ Authorized Agency Representatives shall be required to execute any one document in order for it to be considered duly executed on behalf of the Local Agency.

**Section 2.** The form of the Local Agency Financing Contract attached hereto as Annex 2 is hereby approved and the Authorized Agency Representatives are hereby authorized and directed to execute and deliver the Local Agency Financing Contract, in an amount not to exceed \$ \_\_\_\_\_ and in substantially the form attached hereto with such changes as may be approved by the Authorized Representatives for the acquisition of the Property and financing of the acquisition of the property and related financing costs.

**Section 3.** The Local Agency hereby authorizes the acquisition of the property as agent of the Corporation in accordance with the terms and provisions of the Local Agency Financing Contract.

**Section 4.** The Authorized Representatives are hereby authorized to execute and deliver to the Office of State Treasurer all other documents, agreements and certificates, and to take all other action, which they deem necessary or appropriate in connection with the financing of the property, including, but not limited to, any amendment to the NOI and agreements relating to initial and ongoing disclosure in connection with the offering of securities related to the financing.

**Section 5.** This ordinance shall become effective immediately upon its passage.

PASSED by the \_\_\_\_\_ of \_\_\_\_\_, at a regular/special meeting thereof held this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

[ S E A L ]

APPROVED:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

ATTEST:

\_\_\_\_\_

Form of Authorizing Resolution

Resolution No. \_\_\_\_\_

Authorization for the acquisition of real property and execution of a financing contract, site lease and related documentation relating to the acquisition of said  
**REAL PROPERTY.**

WHEREAS, \_\_\_\_\_ (the "Local Agency") has executed a Notice of Intent to the Office of State Treasurer, in the form attached hereto as Annex 1 (the "NOI"), in relation to the acquisition of and the financing of the acquisition, improvement and betterment (collectively, the "acquisition") of the Property, as defined below, under the provisions of RCW ch 39.94; and

WHEREAS, it is deemed necessary and advisable by the \_\_\_\_\_ of the Local Agency that the Local Agency acquire the real property identified on Annex 1 attached hereto ("Property"); and

WHEREAS, it is deemed necessary and advisable by the \_\_\_\_\_ of the Local Agency that the Local Agency enter into a Local Agency Site Lease with the Washington Finance Officers Association in the form attached hereto as Annex 2 to facilitate the financing of the Property;

WHEREAS, it is deemed necessary and advisable by the \_\_\_\_\_ of the Local Agency that the Local Agency enter into a Local Agency Financing Lease with the Office of the State Treasurer, in the form attached hereto as Annex 3 (the "Local Agency Financing Lease"), in an amount not to exceed \$\_\_\_\_\_, in order to acquire the Property, and finance the acquisition of the Property and related financing costs;

WHEREAS, the Local Agency will undertake to acquire and/or improve the Property on behalf of and as agent of the Washington Finance Officers Association (the "Corporation") pursuant to the terms of the Local Agency Financing Lease, and in accordance with all applicable purchasing statutes and regulations applicable to the Local Agency; and

WHEREAS, the Local Agency desires to appoint the individuals set forth in Annex 4 as the representatives of the Local Agency in connection with the acquisition of the Property and execution of the Local Agency Financing Lease (each an "Authorized Agency Representative");

NOW, THEREFORE, BE IT RESOLVED, by the \_\_\_\_\_ of \_\_\_\_\_ as follows:

**Section 1.** The individuals holding the offices or positions set forth in Annex 4 are each hereby appointed as a representative of the Local Agency in connection with the acquisition of the Property and execution of the Local Agency Financing Lease and all other related documents. A minimum of \_\_ Authorized Agency Representatives shall be required to execute any one document in order for it to be considered duly executed on behalf of the Local Agency.

**Section 2.** The form of the Local Agency Site Lease attached hereto as Annex 2 is hereby approved and the Authorized Agency Representatives are hereby authorized and directed to execute and deliver the Local Agency Site Lease, in substantially the form attached hereto with such changes as may be approved by the Authorized Representatives, to facilitate the acquisition and/or improvement of the Property and financing of the acquisition of the property.

**Section 3.** The form of the Local Agency Financing Lease attached hereto as Annex 3 is hereby approved and the Authorized Agency Representatives are hereby authorized and directed to execute and deliver the Local Agency Financing Lease, in an amount not to exceed \$\_\_\_\_\_ and in substantially the form attached hereto with such changes as may be approved by the Authorized Representatives, for the acquisition of the property and financing of the acquisition of the Property and related financing costs.

**Section 4.** The Local Agency hereby authorizes the acquisition of the property as agent of the Corporation in accordance with the terms and provisions of the Local Agency Financing Lease.

**Section 5.** The Authorized Representatives are hereby authorized to execute and deliver to the Office of State Treasurer all other documents, agreements and certificates, and to take all other action, which they deem necessary or appropriate in connection with the financing of the property, including, but not limited to, any amendment to the NOI, any tax certificate and any agreements relating to initial and ongoing disclosure in connection with the offering of securities related to the financing.

**Section 6.** This resolution shall become effective immediately upon its adoption.

ADOPTED by the \_\_\_\_\_ of \_\_\_\_\_, at a regular/special meeting thereof held this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

[ S E A L ]

APPROVED:

\_\_\_\_\_  
\_\_\_\_\_

ATTEST:

\_\_\_\_\_

Form of Authorizing Ordinance

Ordinance No. \_\_\_\_\_

Authorization for the acquisition of real property and execution of a Local Agency Financing Lease and related documentation relating to the acquisition of said **REAL PROPERTY**.

WHEREAS, \_\_\_\_\_ (the "Local Agency") has executed a Notice of Intent to the Office of State Treasurer, in the form attached hereto as Annex 1 (the "NOI"), in relation to the acquisition of and the financing of the acquisition, improvement and betterment (collectively, the "acquisition") of the property, as defined below, under the provisions of RCW ch 39.94; and

WHEREAS, it is deemed necessary and advisable by the \_\_\_\_\_ of the Local Agency that the Local Agency acquire the real property identified on Annex 1 attached hereto ("property"); and

WHEREAS, it is deemed necessary and advisable by the \_\_\_\_\_ of the Local Agency that the Local Agency enter into a Local Agency Site Lease with the Washington Finance Officers Association in the form attached hereto as Annex 2 to facilitate the financing of the Property;

WHEREAS, it is deemed necessary and advisable by the \_\_\_\_\_ of the Local Agency that the Local Agency enter into a Local Agency Financing Lease with the Office of the State Treasurer, in the form attached hereto as Annex 3 (the "Local Agency Financing Lease"), in an amount not to exceed \$\_\_\_\_\_, in order to acquire the Property and finance the acquisition of the property and related financing costs;

WHEREAS, the Local Agency will undertake to acquire the property on behalf of and as agent of the Washington Finance Officers Association (the "Corporation") pursuant to the terms of the Local Agency Financing Lease, and in accordance with all applicable purchasing statutes and regulations applicable to the Local Agency; and

WHEREAS, the Local Agency desires to appoint the individuals set forth in Annex 4 as the representatives of the Local Agency in connection with the acquisition of the property and execution of the Local Agency Financing Lease (each an "Authorized Agency Representative");

NOW, THEREFORE, BE IT ORDAINED, by the \_\_\_\_\_ of \_\_\_\_\_ as follows:

**Section 1.** The individuals holding the offices or positions set forth in Annex 4 are each hereby appointed as a representative of the Local Agency in connection with the acquisition of the property and execution of the Local Agency Financing Lease and all other related documents. A minimum of \_\_ Authorized Agency Representatives shall be required to execute any one document in order for it to be considered duly executed on behalf of the Local Agency.

**Section 2.** The form of the Local Agency Site Lease attached hereto as Annex 2 is hereby approved and the Authorized Agency Representatives are hereby authorized and directed to execute and deliver the Local Agency Site Lease, in substantially the form attached hereto with such changes as may be approved by the Authorized Representatives, to facilitate the acquisition and/or improvement of the Property and financing of the acquisition of the property.

**Section 3.** The form of the Local Agency Financing Lease attached hereto as Annex 3 is hereby approved and the Authorized Agency Representatives are hereby authorized and directed to execute and deliver the Local Agency Financing Lease, in an amount not to exceed \$\_\_\_\_\_ and in substantially the form attached hereto with such changes as may be approved by the Authorized Representatives for the acquisition of the property and financing of the acquisition of the property and related financing costs.

**Section 4.** The Local Agency hereby authorizes the acquisition of the property as agent of the Corporation in accordance with the terms and provisions of the Local Agency Financing Lease.

**Section 5.** The Authorized Representatives are hereby authorized to execute and deliver to the Office of State Treasurer all other documents, agreements and certificates, and to take all other action, which they deem necessary or appropriate in connection with the financing of the property, including, but not limited to, any amendment to the NOI, any tax certificate and any agreements relating to initial and ongoing disclosure in connection with the offering of securities related to the financing.

**Section 6.** This ordinance shall become effective immediately upon its passage.

PASSED by the \_\_\_\_\_ of \_\_\_\_\_, at a regular/special meeting thereof held this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

[ S E A L ]

APPROVED:

\_\_\_\_\_  
\_\_\_\_\_

ATTEST:

## Certificate of Authorizing Resolution/Ordinance

I, the undersigned, Clerk/Secretary of the \_\_\_\_\_ of \_\_\_\_\_ (the "Local Agency"), DO  
HEREBY CERTIFY:

1. That the attached Resolution/Ordinance No. \_\_\_\_\_ (herein called the "Resolution/Ordinance") is a true and correct copy of a Resolution/Ordinance of the Local Agency adopted/passed at a regular/special meeting of the \_\_\_\_\_ held on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, and duly recorded in my office;

2. That said meeting was duly convened and held in all respects in accordance with law; and to the extent required by law, due and proper notice of such meeting was given; that a quorum of the \_\_\_\_\_ was present throughout the meeting and a legally sufficient number of members of the \_\_\_\_\_ voted in the proper manner for the adoption/passage of the Resolution/Ordinance;

3. That all other requirements and proceedings incident to the proper adoption/passage of the Resolution/Ordinance have been duly fulfilled, carried out and otherwise observed;

4. That the Resolution/Ordinance remains in full force and effect and has not been amended, repealed or superseded; and

5. That I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

[ S E A L ]

\_\_\_\_\_

## Certificate Designating Authorized Agency Representatives

I, \_\_\_\_\_, \_\_\_\_\_ of \_\_\_\_\_ (the "Local Agency"), hereby certify that, as of the date hereof, pursuant to Resolution No. \_\_/Ordinance No. \_\_, the following individuals are each an "Authorized Agency Representative," as indicated by the title appended to each signature; that the following individuals are duly authorized to execute and deliver the Agency Financing Agreement to which this Certificate is attached as Exhibit B (Real Property) &/or Exhibit C (Personal Property), and all documentation in connection therewith; that the signatures set forth below are the true and genuine signatures of said Authorized Agency Representatives; and that pursuant to such resolution/ordinance, \_\_ of the \_\_ following signature(s) [is/are] required on each of the aforementioned documents in order to consider such documents executed on behalf of the Local Agency:

\_\_\_\_\_  
(signature) (name) (title)

\_\_\_\_\_  
(signature) (name) (title)

\_\_\_\_\_  
(signature) (name) (title)

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
[Title]  
[Name of Local Agency]

SUBSCRIBED AND SWORN TO before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

By: \_\_\_\_\_  
NOTARY PUBLIC in and for the State of  
Washington, residing at:

\_\_\_\_\_  
Printed Name: \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

### Personal Property Certificate

Name of Local Agency: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

All capitalized terms not defined herein shall have the meanings assigned to such terms in the Local Agency Financing Contract that this Exhibit B is attached to. The undersigned, [Name/Title] \_\_\_\_\_ does hereby certify, that [he/she] is an Authorized Agency Representative of \_\_\_\_\_ (the "Local Agency") pursuant to the terms of the Local Agency Financing Contract.

The undersigned, confirms that the Property described below will be placed in use at the location listed below. The undersigned confirms that the Property described below has been delivered to and received by the Local Agency. All installation or other work necessary prior to the use thereof has been completed. The Property has been examined and/or tested and is in good operating order and condition and is in all respects satisfactory to the Local Agency and complies with all terms of the Master Financing Contract and the Local Agency Financing Contract.

Notwithstanding the foregoing, the undersigned does not waive or limit, by execution of this certificate, any claim against the vendor or any other seller, installer, contractor or other provider of property or services related to the purchase, shipment, delivery, installation or maintenance of the Property.

The Local Agency further confirms that the Property will be used to fulfill an essential governmental function which the Local Agency has the authority to provide in the State.

\*\*\*\*\*

#### PROPERTY INFORMATION

Description: _____ _____ _____ _____ Serial No.: _____ Tag No.: _____ _____ Location of Property _____ Acquisition: _____ _____	Name of Vendor : _____ Address: _____ _____ _____ _____ Payment Amount: _____ Disburse to: _____ _____ Method of Payment: _____ _____
--	--

Attached hereto are:

1. A vendor's invoice for the Property approved by the Local Agency.
2. A Certificate of Insurance, demonstrating liability insurance coverage and stating that insurance will be renewed annually automatically, unless said office notifies the State Treasurer of any discontinuation of coverage.

In connection with the Local Agency's acquisition of the Property as agent of the Washington Finance Officers Association, you are hereby requested to make a disbursement as indicated above.

\_\_\_\_\_  
 Authorized Agency Representative  
 Date: \_\_\_\_\_

Countersigned and  
 Approved for Payment: \_\_\_\_\_  
 Designated State Treasurer Representative  
 Date: \_\_\_\_\_



**LOCAL AGENCY FINANCING CONTRACT, SERIES 200\_\_**  
**(Equipment)**

This Local Agency Financing Contract, Series 200\_\_ (the "Agency Financing Contract") is entered into by and between the state of Washington (the "State"), acting by and through the State Treasurer (the "State Treasurer"), and [Agency Name], a [Agency Type] of the State (the "Local Agency").

RECITALS

WHEREAS, certain State agencies (as defined in Appendix I hereto, "State Agencies") are authorized to acquire real and personal property used or needed by such State Agencies through Agency Financing Contracts entered into pursuant to Chapter 356, Laws of Washington, 1989, codified as Chapter 39.94 of the Revised Code of Washington (the "RCW"), as supplemented and amended (the "Act"); and

WHEREAS, Chapter 291, Laws of Washington, 1998 supplemented and amended the Act to authorize the State to enter into Agency Financing Contracts on behalf of certain local agencies (as described therein, "Local Agencies"), including the Local Agency, to finance the acquisition of real and personal property by such Local Agencies; and

WHEREAS, the State Treasurer has established a consolidated program providing for the execution and delivery of certificates of participation in such Agency Financing Contracts, or in Master Financing Contracts with respect thereto, in series from time to time in order to provide financing or refinancing for the costs of acquisition of real and personal property by State Agencies and Local Agencies; and

WHEREAS, simultaneously with the execution and delivery hereof, the State is entering into a Master Financing Contract, Series 200\_\_, dated as of the Dated Date (the "Master Financing Contract") with the Washington Finance Officers Association, a nonprofit corporation duly organized and existing under and by virtue of the laws of the state of Washington (the "Corporation"), to provide financing for the costs of acquisition of certain items of personal property by certain State Agencies and Local Agencies, including the Local Agency, under the terms set forth therein; and

WHEREAS, the State Treasurer and the Local Agency have determined that it is necessary and desirable to enter into this Agency Financing Contract to provide financing or refinancing for the costs of acquisition of certain items of personal property, described in Exhibit B hereto (the "Property"), by the Local Agency; and

WHEREAS, the State Finance Committee has authorized the execution and delivery of this Agency Financing Contract pursuant to Resolution No. 987 adopted on October 7, 2003; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Agency Financing Contract do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Parties hereto are now duly authorized to execute, deliver and perform their respective obligations under this Agency Financing Contract;

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other valuable consideration, the Parties hereto mutually agree as follows:

Section 1.1 Defined Terms. Capitalized terms used but not otherwise defined in this Agency Financing Contract shall have the respective meanings given such terms in Appendix I hereto.

Section 1.2 Notice of Intent; Personal Property Certificate; Certificate Designating Authorized Local Agency Representative. The Local Agency has delivered a Notice of Intent to the State Treasurer in the form of Exhibit A attached hereto and incorporated herein by this reference. In order to evidence its acceptance of the Property financed and acquired pursuant hereto, the Local Agency has executed and delivered herewith, or will execute and deliver within 60 days from the Dated Date to the State Treasurer, a Personal Property Certificate in the form of Exhibit B attached hereto and incorporated herein by this reference. The Local Agency has delivered a Certificate Designating Authorized Agency Representatives to the State Treasurer in the form of Exhibit C attached hereto and incorporated herein by this reference. Said Certificate is currently in force and has not been amended, withdrawn or superseded, and the signatures shown thereon are true and correct originals of the signatures of the persons who hold the titles shown opposite their names. The signature of any one of the individuals shown on said Certificate is sufficient to bind the Local Agency under this Agency Financing Contract with respect to any of the undertakings contemplated herein. The terms and provisions set forth in Appendix II hereto are incorporated herein and made a part hereof by this reference.

Section 1.3 Installment Sale and Purchase of Property. The State hereby agrees to sell, assign and convey, and does hereby sell, assign and convey to the Local Agency, and the Local Agency hereby agrees to purchase, acquire and assume, and does hereby purchase, acquire and assume, from the State, all of the State's right, title and interest in and to the Property and all proceeds and profits thereof and therefrom, subject to the security interest created pursuant to Section 2.5 of Appendix II hereof, and the Local Agency agrees to pay in consideration thereof the Purchase Price therefor and interest thereon and the Additional Costs in accordance with Section 1.4 hereof, and all other amounts required to be paid by the Local Agency hereunder, all in accordance with the provisions of this Agency Financing Contract.

Section 1.4 Agency Installment Payments. In consideration of the sale of the Property and the covenants and agreements of the State in this Agency Financing Contract, the Local Agency hereby promises to pay to the State the following amounts at the following times: (a) On each Agency Installment Payment Date, the Agency Installment Payment set forth in Exhibit D hereto, consisting of a Principal Component and/or an Interest Component as set forth in such Exhibit; and (b) All Additional Costs incurred by the State in connection with the sale of the Property to the Local Agency, the execution and delivery of the Certificates, and the observance and performance of the Series 200\_\_ Agreements, within thirty (30) days following receipt of an invoice from the State with respect thereto which includes (i) a brief description of each such Additional Cost, (ii) the party to whom payment is due, (iii) the amount thereof, and (iv) such additional information as the Local Agency may reasonably request.

Section 1.5 Term. This Local Agency Financing Contract shall terminate on the date on which all amounts due hereunder shall have been paid or the payment thereof duly provided for pursuant to Section 4.3 of Appendix II hereof.

STATE OF WASHINGTON  
OFFICE OF THE STATE TREASURER

[AGENCY NAME]  
as Local Agency

By \_\_\_\_\_  
Designated State Treasurer Representative

By \_\_\_\_\_  
Authorized Agency Representative

By \_\_\_\_\_  
Authorized Agency Representative

Date[Dated Date]

**LOCAL AGENCY FINANCING LEASE, SERIES 200\_\_**  
**(Real Property)**

This Local Agency Financing Lease, Series 200\_\_ (the "Financing Lease") is entered into by and between the state of Washington (the "State"), acting by and through the State Treasurer (the "State Treasurer"), and [Agency Name], a [Agency Type] of the State (the "Local Agency").

RECITALS

WHEREAS, the State, acting by and through the State Treasurer, is authorized to enter into financing contracts, including, but not limited to financing leases, for and on behalf of certain state agencies and local government agencies, including the Local Agency, for the use and acquisition of real and personal property pursuant to Chapter 356, Laws of Washington, 1989, codified as Chapter 39.94 of the Revised Code of Washington (the "RCW"), as supplemented and amended, (the "Act"), including but not limited to by Chapter 291, Laws of Washington, 1998; and

WHEREAS, the State Treasurer has established a consolidated program providing for the execution and delivery of certificates of participation in such financing contracts, or in master financing contracts with respect thereto, in series from time to time in order to provide financing or refinancing for the costs of acquisition or improvement of such real and personal property by State Agencies and Local Agencies; and

WHEREAS, the Washington Finance Officers Association (the "Corporation"), a nonprofit corporation duly organized and existing under and by virtue of the laws of the state of Washington, and the Local Agency have entered into a Local Agency Site Lease, Series 200\_\_, dated as of the Dated Date (the "Site Lease"), for the lease of certain real property, designated in the Site Lease, (the "Site") for the sole purpose of subleasing the Site to the State in order to finance or refinance the acquisition or improvement thereof as described herein (the "Project"); and

WHEREAS, simultaneously with the execution and delivery hereof, the State is entering into a Master Financing Lease, Series 200\_\_, dated as of the Dated Date (the "Master Financing Lease") with the Corporation, to provide financing or refinancing for the Projects for and on behalf of the Local Agency, among others, through the sublease of the Property from the Corporation; and

WHEREAS, the State Treasurer and the Local Agency have determined that it is necessary and desirable to enter into this Financing Lease to provide financing or refinancing for the Project to the Local Agency; and

WHEREAS, the State Finance Committee has authorized the execution and delivery of this Financing Lease pursuant to Resolution No. 987 adopted on October 7, 2003; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Financing Lease do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Parties hereto are now duly authorized to execute, deliver and perform their respective obligations under this Financing Lease;

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other valuable consideration, the Parties hereto mutually agree as follows:

Section 1.1 Defined Terms. Capitalized terms used but not otherwise defined in this Financing Lease shall have the respective meanings given such terms in Appendix I hereto.

Section 1.2 Notice of Intent; Certificate Designating Authorized Agency Representative; Appendix II. The Local Agency has delivered a Notice of Intent to the State Treasurer in the form of Exhibit A attached hereto and incorporated herein by this reference. The Local Agency has delivered a Certificate Designating Authorized Agency Representatives to the State Treasurer in the form of Exhibit B attached hereto and incorporated herein by this reference. Said Certificate is currently in force and has not been amended, withdrawn or superseded, and the signatures shown thereon are true and correct originals of the signatures of the persons who hold the titles shown opposite their names. The signature of any one of the individuals shown on said Certificate is sufficient to bind the Local Agency under this Financing Lease with respect to any of the undertakings contemplated herein. The terms and provisions set forth in Appendix II hereto are incorporated herein and made a part hereof by this reference.

Section 1.3 Sublease of Property. The State hereby subleases to the Local Agency, and the Local Agency hereby hires from the State, upon the terms and conditions set forth in this Financing Lease, the real property and all improvements thereon, including, but not limited to the Project, described in Exhibit C attached hereto and made a part hereof (collectively, the "Property"), subject to all easements, covenants, conditions and restrictions existing as of the date hereof. The Local Agency hereby agrees to pay in consideration thereof the Agency Rent Payments and Additional Rent therefor in accordance with Section 1.4 hereof and all other amounts required to be paid by the Local Agency hereunder, all in accordance with the provisions of this Financing Lease.

Section 1.4 Agency Rent Payments. In consideration of the sublease of the Property and the covenants and agreements of the State in this Financing Lease, the Local Agency hereby promises to pay to the State the following amounts at the following times: (a) On each Agency Rent Payment Date, the Agency Rent Payment set forth in Exhibit D hereto, consisting of an Agency Principal Component and/or an Agency Interest Component as set forth in such Exhibit; and (b) All Additional Rent incurred by the State in connection with the sublease of the Property to the Local Agency, the execution and delivery of the Certificates, and the observance and performance of the Series 200\_\_ Agreements, within 30 days following receipt of an invoice from the State with respect thereto which includes (i) a brief description of each item of such Additional Rent, (ii) the party to whom payment is due, (iii) the amount thereof, and (iv) such additional information as the Local Agency may reasonably request.

Section 1.5 Term. The term of this Financing Lease shall commence on the Dated Date, and shall end on [Termination Date], unless such term is extended or sooner terminated as hereinafter provided.

STATE OF WASHINGTON  
OFFICE OF THE STATE TREASURER  
By \_\_\_\_\_

Designated State Treasurer Representative

[AGENCY NAME]

as Local Agency

By \_\_\_\_\_

Authorized Agency Representative

By \_\_\_\_\_

Authorized Agency Representative

Date [Dated Date]

**LOCAL AGENCY SITE LEASE, SERIES 200\_\_**

THIS LOCAL AGENCY SITE LEASE, SERIES 200\_\_ (the "Site Lease"), dated as of [Dated Date] (the "Dated Date"), is entered into by and between [Agency Name], a [Agency Type] duly organized and existing under and by virtue of the laws of the state of Washington (the "Local Agency"), and the Washington Finance Officers Association, a nonprofit corporation duly organized and existing under and by virtue of the laws of the state of Washington (the "Corporation").

**RECITALS:**

WHEREAS, the state of Washington (the "State"), acting by and through the State Treasurer (the "State Treasurer") is authorized to enter into financing contracts, including but not limited to financing leases, for and on behalf of certain local government agencies (as provided therein, "Local Agencies") and state agencies (as defined therein, "State Agencies") for the use and acquisition of real and personal property pursuant to Chapter 356, Laws of Washington, 1989, codified as Chapter 39.94 of the Revised Code of Washington, as supplemented and amended, (the "Act"), including but not limited to by Chapter 291, Laws of Washington, 1998; and

WHEREAS, the State Treasurer has established a consolidated program providing for the execution and delivery of certificates of participation in such financing contracts, or in master financing contracts with respect thereto, in series from time to time in order to provide financing or refinancing for the costs of acquisition and/or improvement of such real and personal property by Local Agencies and State Agencies; and

WHEREAS, the Corporation and the Local Agency have determined that it is necessary and desirable to enter into this Site Lease to provide financing or refinancing for the acquisition or improvement (the "Project") of certain real property described in Exhibit A hereto (the "Site"), by the Local Agency; and

WHEREAS, the Local Agency is duly authorized to enter into this Site Lease pursuant to the laws of the State and a duly adopted resolution or ordinance of its legislative body; and

WHEREAS, simultaneously with the execution and delivery hereof, the State is entering into a Master Financing Lease, Series 200\_\_, dated as of the Dated Date (the "Master Financing Lease"), with the Corporation, which shall constitute a "financing lease," a "financing contract" and a "master financing contract" within the meaning of the Act, to provide financing for the costs of acquisition or improvement of certain parcels of real property for and on behalf of certain State Agencies and Local Agencies, including the Local Agency, under the terms set forth therein; and

WHEREAS, under and pursuant to the Master Financing Lease, the State Treasurer is obligated to make Base Rent Payments (as defined in Appendix I hereto) to the Corporation for the lease of the parcels of real property described in Exhibit B thereto; and

WHEREAS, simultaneously with the execution and delivery of the Master Financing Lease, the State shall sublease the Site and the Project (collectively, the "Property") to the Local Agency pursuant to a Local Agency Financing Lease, Series [Dated Date], dated as of the Dated Date (the "Local Agency Financing Lease"); and

WHEREAS, the Corporation intends to grant, sell, assign, transfer and convey without recourse to the Fiscal Agent all of its rights to receive the Base Rent Payments scheduled to be made by the State Treasurer under and pursuant to the Master Financing Lease, together with all of its remaining right, title and interest in, to and under this Site Lease, the Master Financing Lease and the Property by means of a Master Assignment, Series 200\_\_ (The "Master Assignment"), dated as of the Dated Date; and

WHEREAS, in consideration of such assignment and pursuant to the Trust Agreement, Series 200\_\_ (the "Trust Agreement"), dated as of the Dated Date, by and among the Fiscal Agent, the State Treasurer and the Corporation, the Fiscal Agent has agreed to execute and deliver the State of Washington Certificates of Participation, Series 200\_\_, in an aggregate principal amount of \$[Aggregate Principal Amount] (the "Certificates"); and

WHEREAS, a portion of the proceeds of the sale of the Certificates shall be used to finance or refinance the costs of the Project; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Site Lease do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Parties hereto are now duly authorized to

execute, deliver and perform their respective obligations under this Site Lease;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other valuable consideration, the Parties hereto do hereby agree as follows:

SECTION 1. Definitions; Construction; Miscellaneous Provisions; Supplements.

Capitalized terms used but not otherwise defined in this Site Lease shall have the respective meanings given such terms in Part 1 of Appendix I, which is incorporated herein and made a part hereof by this reference. This Site Lease shall be construed in accordance with the Rules of Construction set forth in Part 2 of Appendix I, which is incorporated herein and made a part hereof by this reference. The miscellaneous provisions set forth in Part 3 of Appendix I are incorporated herein and made a part hereof by this reference. This Site Lease may be supplemented and amended from time to time in accordance with Part 4 of Appendix I, which is incorporated herein and made a part hereof by this reference.

SECTION 2. Lease of the Site; Ownership.

(a)The Local Agency hereby leases to the Corporation and the Corporation hereby hires from the Local Agency, on the terms and conditions hereinafter set forth, the real property and all improvements thereon situated in [County] County, state of Washington, and described in Exhibit A attached hereto and made a part hereof (collectively, the "Site"), subject to all easements, covenants, conditions and restrictions existing as of the date hereof.

(b)The Local Agency hereby represents and warrants that it is the owner in fee of the Site, subject only to Permitted Encumbrances.

SECTION 3. Term.

The term of this Site Lease shall commence on the Dated Date, and shall end on [Termination Date], unless such term is extended or sooner terminated as hereinafter provided. If on such date, the Local Agency Financing Lease shall not be discharged by its terms, then the term of this Site Lease shall be extended until ten (10) days after all amounts due under the Local Agency Financing Lease shall have been paid and the Local Agency Financing Lease shall have been discharged by its terms, except that the term of this Site Lease shall in no event be extended beyond [Maximum Termination Date]. If prior to [Termination Date], all amounts due under the Local Agency Financing Lease shall have been paid and the Local Agency Financing Lease shall have been discharged by its terms, the term of this Site Lease shall end ten (10) days thereafter or ten (10) days after written notice by the Local Agency to the Corporation, whichever is earlier.

SECTION 4. Rental.

The Corporation shall pay to State Treasurer, for the benefit of the Local Agency pursuant to the Master Financing Lease and the Local Agency Financing Lease, as and for the total rental due hereunder, the amount set forth in Exhibit B hereto (the "Prepaid Site Lease Rent"), all of which prepaid rental shall be payable on the Closing Date. The Parties hereto hereby agree that said amount represents fair consideration for the leasehold interest being transferred hereunder, given the purposes, terms and provisions hereof. The Corporation shall not be obligated to pay such rental other than from the proceeds of the Certificates. Anything herein to the contrary notwithstanding, the Corporation hereby waives any right that it may have under the laws of the State to a rebate or repayment of any portion of such rental in the event that there is substantial interference with the use or right to possession by the Corporation of the Site or any portion thereof as a result of material damage, destruction or condemnation.

SECTION 5. Purpose.

The Corporation shall use the Site solely for the purpose of leasing the Property to the State pursuant to the Master Financing Lease and for such purposes as may be incidental thereto; *provided*, that in the event of a default by the State under the Master Financing Lease or by the Local Agency under the Local Agency Financing Lease, the Corporation may exercise the remedies provided therein.

SECTION 6. Assignments and Subleases.

(a)The Corporation shall not grant, sell, assign, mortgage, pledge, sublet or transfer any of its right, title or interest in, to or under this Site Lease or the Site except as expressly provided in the Master Assignment, the Master Financing Lease and the Local Agency Financing Lease, without the prior written consent of the Local Agency. The Local Agency hereby consents to the sublease of the Property pursuant to the Master Financing Lease, and the assignment of the Corporation's right, title and interest hereunder to the Fiscal Agent pursuant to the Master Assignment for the benefit of the Owners of the

Certificates.

(b) Upon the occurrence and continuance of an Event of Default or Agency Event of Default with respect to the Property, the Corporation shall have the right, pursuant to the Master Assignment, the Trust Agreement and the Master Financing Lease, to sublease all or any portion of the Property; *provided*, that the subtenant and the terms and provisions of the sublease shall be subject to the prior written approval of the Local Agency, which approval shall not be unreasonably withheld or delayed.

#### SECTION 7. Right of Entry.

The Local Agency reserves the right for any of its duly authorized representatives to enter upon the Site at any reasonable time (or in an emergency at any time) to inspect the same, or to make any repairs, improvements or changes necessary for the preservation thereof.

#### SECTION 8. Termination.

The Corporation agrees, upon the termination or expiration of this Site Lease, to quit and surrender the Site in the same good order, condition and repair as the same was in at the time of commencement of the term hereunder, except for acts of God, reasonable wear and tear, and any actions by the Local Agency that affect the condition of the Site. The Corporation agrees that any permanent improvements and structures existing upon the Site at the time of such termination or expiration of this Site Lease shall remain thereon and title thereto shall vest in the Local Agency. The Corporation shall thereafter execute, acknowledge and deliver to the Local Agency such instruments of further assurance as in the reasonable opinion of the Local Agency are necessary or desirable to confirm the Local Agency's right, title and interest in and to the Site.

#### SECTION 9. Default.

In the event that the Corporation shall be in default in the performance of any obligation on its part to be performed under the terms of this Site Lease, which default continues for sixty (60) days following notice and demand for correction thereof to the Corporation, the Local Agency may exercise any and all remedies granted by law, except that as described in Section (k) of Part 3 of Appendix I hereto, no merger of this Site Lease shall be deemed to occur as a result thereof; *provided, however*, that the Local Agency shall have no power to terminate this Site Lease by reason of any default on the part of the Corporation; and *provided further*, that so long as any Certificates are outstanding and unpaid in accordance with the terms of the Trust Agreement and the Master Financing Lease, the Base Rent Payments or Additional Rent or any part thereof payable to the Corporation shall continue to be paid to the Corporation. So long as the Fiscal Agent shall duly perform the terms and conditions of this Site Lease, the Master Assignment, the Master Financing Lease and of the Trust Agreement, the Fiscal Agent shall be deemed to be and shall become the tenant of the Local Agency hereunder and shall be entitled to all of the rights and privileges granted hereunder and under the Master Assignment, the Master Financing Lease and the Trust Agreement.

#### SECTION 10. Waiver.

No delay or omission to exercise any right or remedy accruing upon a default hereunder shall impair any such right or remedy or shall be construed to be a waiver of such default, but any such right or remedy may be exercised from time to time and as often as may be deemed necessary or expedient. In order to exercise any remedy reserved to the Local Agency hereunder, it shall not be necessary to give any notice, other than such notice as may be required hereunder. A waiver by the Local Agency of any default hereunder shall not constitute a waiver of any subsequent default hereunder, and shall not affect or impair the rights or remedies of the Local Agency in connection with any such subsequent default.

#### SECTION 11. Quiet Enjoyment.

The Corporation and its authorized assignees and sublessees at all times during the term of this Site Lease, subject to the provisions of Section 9 hereof, shall peaceably and quietly have, hold and enjoy all of the Site without suit, trouble or hindrance from the Local Agency.

#### SECTION 12. Taxes.

The Local Agency covenants and agrees to pay any and all Impositions of any kind or character, including but not limited to possessory interest taxes, levied or assessed upon the Property (including both land and improvements), or with respect to this Site Lease, the Local Agency Financing Lease, or the lease of the Property pursuant to the Master Financing Lease; *provided, however*, that the Local Agency shall not pay any possessory interest taxes levied as a result of any assignment or sublease of or with respect to all or any part of the Property then in effect between the Corporation and any

assignee or subtenant of the Corporation (other than as lessee under the Local Agency Financing Lease).

SECTION 13. Eminent Domain; Loss of Title.

In the event the whole or any part of the Property is taken permanently or temporarily under the power of eminent domain (or sold under threat of condemnation), or there is a loss of title to the whole or any part of the Property, the interest of the Corporation in the Property shall be recognized and is hereby determined to be an amount not less than the then unpaid indebtedness incurred by the Local Agency under its Local Agency Financing Lease. The term "unpaid indebtedness," as used in the preceding sentence, includes all unpaid Agency Principal Components, Agency Interest Components and all other payments required to be made by the Local Agency pursuant to the Local Agency Financing Lease, until all Agency Rent Payments due thereunder have been paid or the payment thereof provided for in accordance therewith. The amount of any such award, judgment or payment shall be paid to the Corporation, and the balance, if any, in excess of the unpaid indebtedness shall be paid to the Local Agency.

IN WITNESS WHEREOF, the Local Agency and the Corporation have caused this Site Lease to be executed in their respective names by their respective duly authorized officers, all as of the day and year first written above.

[Agency Name], as lessor

By \_\_\_\_\_  
Authorized Agency Representative

WASHINGTON FINANCE OFFICERS ASSOCIATION, as lessee

By \_\_\_\_\_  
President

[Date of closing]

[Name of Local Agency]  
[Address of Local Agency]

State of Washington  
Office of the State Treasurer  
P.O. Box 40200  
Olympia, Washington 98504-0200

Washington Finance Officers Association  
2601 4<sup>th</sup> Avenue, Suite 800  
Seattle, Washington 98121-1280

Ladies and Gentlemen:

[I/We] have acted as counsel to [name of Local Agency] (the "Local Agency") in connection with the execution and delivery by the Local Agency of the Local Agency Financing Contract, dated as of \_\_\_\_\_, 200\_\_ (the "Local Agency Financing Contract") by and between the state of Washington (the "State") and the Local Agency. As such counsel, [I am/we are] of the following opinions:

1. [Ordinance/Resolution] number \_\_\_\_\_, approving the execution and delivery of the Local Agency Financing Contract, was duly [passed/adopted] by the governing body of the Local Agency on \_\_\_\_\_, 200\_\_ at a meeting of such governing body duly called and held in conformity with the law.
2. The Local Agency Financing Contract has been duly authorized, executed and delivered and, assuming the due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding obligations of the Local Agency, enforceable in accordance with their terms, subject only to bankruptcy, insolvency, moratorium, arrangement, reorganization and similar laws affecting creditors' rights, applicable equitable principles and the application of judicial discretion in appropriate cases.

[I/We] understand that agency installment payments to be made by the Local Agency under the Local Agency Financing Contract will constitute a portion of the source of payment and security for installment payments to be made by the State to the Corporation under a Master Financing Contract between the State and the Corporation and that certificated interests in such installment payments will be offered to purchasers thereof by means of an official statement prepared by the State. [I/We] have neither reviewed nor participated in the preparation of such official statement and express no opinion regarding the adequacy or accuracy (under federal securities laws or otherwise) of any information presented therein.

[Name and Signature of Local Counsel]

[Date of closing]

[Name of Local Agency]  
[Address of Local Agency]

State of Washington  
Office of the State Treasurer  
P.O. Box 40200  
Olympia, Washington 98504-0200

Washington Finance Officers Association  
2601 4<sup>th</sup> Avenue, Suite 800  
Seattle, Washington 98121-1280

Ladies and Gentlemen:

[I/We] have acted as counsel to [name of Local Agency] (the "Local Agency") in connection with the execution and delivery by the Local Agency of (i) the Local Agency Site Lease, dated as of \_\_\_\_\_, 200\_\_ (the "Local Agency Site Lease"), by and between the Washington Finance Officers Association (the "Corporation") and the Local Agency and (ii) the Local Agency Financing Lease, dated as of \_\_\_\_\_, 200\_\_ (the "Local Agency Financing Lease") by and between the state of Washington (the "State") and the Local Agency. As such counsel, [I am/we are] of the following opinions:

1. [Ordinance/Resolution] number \_\_\_\_, approving the execution and delivery of the Local Agency Site Lease and the Local Agency Financing Lease, was duly [passed/adopted] by the governing body of the Local Agency on \_\_\_\_\_, 200\_\_ at a meeting of such governing body duly called and held in conformity with the law.
2. The Local Agency Site Lease and the Local Agency Financing Lease have been duly authorized, executed and delivered and, assuming the due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding obligations of the Local Agency, enforceable in accordance with their terms, subject only to bankruptcy, insolvency, moratorium, arrangement, reorganization and similar laws affecting creditors' rights, applicable equitable principles and the application of judicial discretion in appropriate cases.

[I/We] understand that agency rent payments to be made by the Local Agency under the Local Agency Financing Lease will constitute a portion of the source of payment and security for base rent payments to be made by the State to the Corporation under a Master Financing Lease between the State and the Corporation and that certificated interests in such base rent payments will be offered to purchasers thereof by means of an official statement prepared by the State. [I/We] have neither reviewed nor participated in the preparation of such official statement and express no opinion regarding the adequacy or accuracy (under federal securities laws or otherwise) of any information presented therein.

[Name and Signature of Local Counsel]



## Local Agency Tax Certificate (Equipment)

This Local Agency Tax Certificate is executed and delivered by the \_\_\_\_\_ (the “Local Agency”) in connection with the Local Agency Financing Contract between the Local Agency and the State of Washington (the “State”), dated as of \_\_\_\_\_, 200\_\_, (the “Local Agency Financing Contract”), under which the Local Agency is obligated to make Agency Installment Payments, including principal components thereof in the aggregate amount of \$\_\_\_\_\_ (the “Obligations”). Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Local Agency Financing Contract. The Local Agency certifies, covenants, warrants and represents as follows:

### ARTICLE I. IN GENERAL

1.1 **The Local Agency.** The Local Agency is a political subdivision duly organized and existing under and by virtue of the laws of the State of Washington. The Local Agency has the general authority to exercise the power of eminent domain in furtherance of its governmental purposes.

1.2 **Purpose of Local Agency Tax Certificate.** In the future, the State intends to cause the execution and delivery of certificates of participation (the “Certificates”) evidencing undivided and proportionate interests in Installment Payments of the State payable under a Master Financing Contract. A portion of the principal components of such Installment Payments are payable from the Obligations. The Local Agency is delivering this Local Agency Tax Certificate to the State with the understanding that the State will rely in part upon this Local Agency Tax Certificate in obtaining an opinion from bond counsel that the interest component of the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986.

1.3 **Purpose of Financing.** The Obligations are being issued to finance the costs of the acquisition, construction, improvement and/or renovation of \_\_\_\_\_ (the “Project”), as described in more detail in the Local Agency Financing Contract.

1.4 **Definitions.** Unless the context otherwise requires, the following capitalized terms have the following meanings:

“*Code*” means the Internal Revenue Code of 1986 (including amendments thereto).

“*Current Revenues.*” See Section 2.7 hereof.

“*Governmental Unit*” means any state, or political subdivision of a state, but excludes the United States and its agencies or instrumentalities.

“*Investment Property*” means any security or obligation, any annuity contract, or any other investment-type property, but does not include any Tax-Exempt Bond unless such obligation is a “specified private activity bond” within the meaning of Section 57(a)(5)(C) of the Code.

“*Nongovernmental Person*” means any person or entity other than a Governmental Unit.

“*Preliminary Expenditures*” means architectural, engineering, surveying, soil testing, and similar costs paid with respect to the Project in an aggregate amount not exceeding 20% of the Obligations. However, Preliminary Expenditures do not include land acquisition, site preparation or similar costs incident to the commencement of construction.

“*Tax-Exempt Bond*” means any obligation the interest on which is excluded from

gross income for federal income tax purposes pursuant to Section 103 of the Code or Section 103 of the Internal Revenue Code of 1954, as amended (the “1954 Code”), and Title XIII of the Tax Reform Act of 1986, as amended, as well as stock in a regulated investment company to the extent at least 95 percent of income to the stockholder is treated as interest that is excludable from gross income under Section 103 of the Code.

## **ARTICLE II. TAX LIMITATIONS**

2.1 **Expenditure of Proceeds.** For purposes of this Local Agency Tax Certificate, proceeds of the Obligation will be treated as spent when they are used to pay for or reimburse disbursements by the Local Agency that paid for (i) capital expenditures, (ii) any interest component of the Agency Installment Payments through the later of three years after the date hereof or one year after the Project is placed in service, or (iii) initial operating expenses directly associated with the Project (in aggregate amount not exceeding 5% of the Obligations). The State has authorized the issuance of the Certificates to finance, among other things, the costs of the Project. Absent written agreement by the State, all expenditures of proceeds of the Obligation will be made in respect of (a) Preliminary Expenditures, (b) capital expenditures reimbursed in respect of payments made by the Local Agency on or after the date which is sixty days prior to the date on which said authorization was adopted, or (c) other payments made by the Local Agency on or after the date hereof. In connection with all expenditures described in (b), the reimbursement allocation will be made no later than the later of 18 months after the date hereof or the date on which the Project is placed in service, but in no event later than three years after the date of expenditure.

2.2 **Governmental Bond Status.** [Different text will be substituted for this section when the loan is made for airport or port facilities that are the subject of private use.] The Local Agency will not loan any of the proceeds of the Obligations to one or more Nongovernmental Persons. The Local Agency will not allow more than 10% of proceeds of the Obligations or more than 10% of the Project to be used directly or indirectly by any Nongovernmental Person, other than as a member of the general public. A Nongovernmental Person will be treated as “using” proceeds of the Obligations to the extent the Nongovernmental Person:

- (i) borrows proceeds of the Obligations, or
- (ii) uses the Project (e.g., as owner, lessee, service provider, operator or manager).

2.3 **Change in Use.** The Local Agency reasonably expects to use all proceeds of the Obligations and all of the Project as set forth in Section 2.2 of this Local Agency Tax Certificate for the entire stated term to maturity of the Obligations. Absent written agreement by the State, the Local Agency in fact will use all proceeds of the Obligations and all of the Project as set forth in Section 2.2 of this Tax Certificate.

2.4 **Federal Guarantee.** The Local Agency will not directly or indirectly use or permit the use of any proceeds of the Obligations or take or omit to take any action that would cause the Certificates to be obligations that are “federally guaranteed” within the meaning of Section 149(b) of the Code. In furtherance of this covenant, the Local Agency will not allow the payment of principal or interest with respect to the Obligations to be guaranteed (directly or indirectly) in whole or in part by the United States or any agency or instrumentality thereof. The Local Agency will not use 5% or more of the proceeds of the Obligations to make or finance loans the payment of principal or interest with respect to which is guaranteed in whole or in part by the United States or any agency or instrumentality thereof.

2.5 **No Refunding.** Proceeds of the Obligations will not be used directly or indirectly to make principal, interest or premium payments with respect to any obligation other than the

Obligations.

2.6 **No Hedge Bonds.** The Local Agency reasonably expects that more than 85% of proceeds of the Obligations will be expended for the purposes of the Obligations within three years.

2.7 **Debt Service Funds.** Payments of debt service on the Obligations generally are expected to be derived from current revenues of the Local Agency in each year, and Current revenues are expected to equal or exceed debt service on the Obligations during each payment period. Revenues actually used in less than six months from the date first received to pay debt service on Obligations are referred to herein as "Current Revenues." The account, or portion thereof, used by the Local Agency to pay debt service on the Obligations will be used primarily to achieve a proper matching of revenues and debt service within each year. To the extent of Current Revenues, such account in the aggregate will be depleted at least once a year except for a carryover amount not to exceed the greater of the earnings on such account for the immediately preceding year or 1/12 of the debt service in respect of the Obligations for the immediately preceding year. Current Revenues contributed to such account will be spent within thirteen months after the date of such contribution, and any amounts received from the investment or reinvestment of monies held in such funds will be expended within one year after the date of accumulation thereof in any such fund. Current Revenues in such account shall be invested without regard to yield. Revenues other than Current Revenues will not be invested in Investment Property with a yield exceeding the yield on the Obligations.

2.8 **No Other Replacement Proceeds.** The Local Agency will not use any proceeds of the Obligations directly or indirectly to replace funds of the Local Agency which are or will be used directly or indirectly to acquire Investment Property reasonably expected to produce a yield that is materially higher than the yield on the Obligations. The weighted average maturity of the Obligations does not exceed 120% of the expected weighted average economic useful life of the Project.

2.9 **No Expected Sale.** It is not expected that the Project or any part thereof will be sold or otherwise disposed of before the maturity date of the Obligations.

### ARTICLE III. OTHER MATTERS

3.1 **Expectations.** The undersigned is an authorized representative of the Local Agency acting for and on behalf of the Local Agency in executing this Local Agency Tax Certificate. To the best of the knowledge and belief of the undersigned, there are no other facts, estimates or circumstances that would materially change the expectations as set forth herein, and said expectations are reasonable.

3.2 **Amendments.** Notwithstanding any other provision of this Local Agency Tax Certificate, the Local Agency may amend this Local Agency Tax Certificate and thereby alter any actions allowed or required by this Local Agency Tax Certificate if such amendment is signed by an authorized officer and is supported by formal written agreement by the State.

3.3 **Survival of Defeasance.** Notwithstanding any provision in this Local Agency Tax Certificate to the contrary, the obligation to comply with all requirements contained in this Local Agency Tax Certificate shall survive defeasance or prepayment of the Obligations.

Dated: \_\_\_\_\_, 200\_\_.

By \_\_\_\_\_  
[Name/Title]

## Local Agency Tax Certificate (Real Property)

This Local Agency Tax Certificate is executed and delivered by the \_\_\_\_\_ (the “Local Agency”) in connection with the Local Agency Financing Lease between the Local Agency and the State of Washington (the “State”), dated as of \_\_\_\_\_, 200\_\_\_\_\_, (the “Local Agency Financing Lease”), under which the Local Agency is obligated to make Agency Rent Payments, including principal components thereof in the aggregate amount of \$\_\_\_\_\_ (the “Obligations”). Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Local Agency Financing Lease. The Local Agency certifies, covenants, warrants and represents as follows:

### ARTICLE I. IN GENERAL

1.1 **The Local Agency.** The Local Agency is a political subdivision duly organized and existing under and by virtue of the laws of the State of Washington. The Local Agency has the general authority to exercise the power of eminent domain in furtherance of its governmental purposes.

1.2 **Purpose of Local Agency Tax Certificate.** In the future, the State intends to cause the execution and delivery of certificates of participation (the “Certificates”) evidencing undivided and proportionate interests in Base Rent Payments of the State payable under a Master Financing Lease. A portion of the principal components of such Base Rent Payments are payable from the Obligations. The Local Agency is delivering this Local Agency Tax Certificate to the State with the understanding that the State will rely in part upon this Local Agency Tax Certificate in obtaining an opinion from bond counsel that the interest component of the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986.

1.3 **Purpose of Financing.** The Obligations are being issued to finance the costs of the acquisition, construction, improvement and/or renovation of \_\_\_\_\_ (the “Project”), as described in more detail in the Local Agency Financing Lease.

1.4 **Definitions.** Unless the context otherwise requires, the following capitalized terms have the following meanings:

“*Code*” means the Internal Revenue Code of 1986 (including amendments thereto).

“*Current Revenues.*” See Section 2.7 hereof.

“*Governmental Unit*” means any state, or political subdivision of a state, but excludes the United States and its agencies or instrumentalities.

“*Investment Property*” means any security or obligation, any annuity contract, or any other investment-type property, but does not include any Tax-Exempt Bond unless such obligation is a “specified private activity bond” within the meaning of Section 57(a)(5)(C) of the Code.

“*Nongovernmental Person*” means any person or entity other than a Governmental Unit.

“*Preliminary Expenditures*” means architectural, engineering, surveying, soil testing, and similar costs paid with respect to the Project in an aggregate amount not exceeding 20% of the Obligations. However, Preliminary Expenditures do not include land acquisition, site preparation or similar costs incident to the commencement of construction.

“*Tax-Exempt Bond*” means any obligation the interest on which is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code or Section 103 of

the Internal Revenue Code of 1954, as amended (the “1954 Code”), and Title XIII of the Tax Reform Act of 1986, as amended, as well as stock in a regulated investment company to the extent at least 95 percent of income to the stockholder is treated as interest that is excludable from gross income under Section 103 of the Code.

## **ARTICLE II. TAX LIMITATIONS**

**2.1 Expenditure of Proceeds.** For purposes of this Local Agency Tax Certificate, proceeds of the Obligation will be treated as spent when they are used to pay for or reimburse disbursements by the Local Agency that paid for (i) capital expenditures, (ii) any interest component of the Agency Rent Payments through the later of three years after the date hereof or one year after the Project is placed in service, or (iii) initial operating expenses directly associated with the Project (in aggregate amount not exceeding 5% of the Obligations). The State has authorized the issuance of the Certificates to finance, among other things, the costs of the Project. Absent written agreement by the State, all expenditures of proceeds of the Obligation will be made in respect of (a) Preliminary Expenditures, (b) capital expenditures reimbursed in respect of payments made by the Local Agency on or after the date which is sixty days prior to the date on which said authorization was adopted, or (c) other payments made by the Local Agency on or after the date hereof. In connection with all expenditures described in (b), the reimbursement allocation will be made no later than the later of 18 months after the date hereof or the date on which the Project is placed in service, but in no event later than three years after the date of expenditure.

**2.2 Governmental Bond Status.** [Different text will be substituted for this section when the loan is made for airport or port facilities that are the subject of private use.] The Local Agency will not loan any of the proceeds of the Obligations to one or more Nongovernmental Persons. The Local Agency will not allow more than 10% of proceeds of the Obligations or more than 10% of the Project to be used directly or indirectly by any Nongovernmental Person, other than as a member of the general public. A Nongovernmental Person will be treated as “using” proceeds of the Obligations to the extent the Nongovernmental Person:

- (i) borrows proceeds of the Obligations, or
- (ii) uses the Project (e.g., as owner, lessee, service provider, operator or manager).

**2.3 Change in Use.** The Local Agency reasonably expects to use all proceeds of the Obligations and all of the Project as set forth in Section 2.2 of this Local Agency Tax Certificate for the entire stated term to maturity of the Obligations. Absent written agreement by the State, the Local Agency in fact will use all proceeds of the Obligations and all of the Project as set forth in Section 2.2 of this Tax Certificate.

**2.4 Federal Guarantee.** The Local Agency will not directly or indirectly use or permit the use of any proceeds of the Obligations or take or omit to take any action that would cause the Certificates to be obligations that are “federally guaranteed” within the meaning of Section 149(b) of the Code. In furtherance of this covenant, the Local Agency will not allow the payment of principal or interest with respect to the Obligations to be guaranteed (directly or indirectly) in whole or in part by the United States or any agency or instrumentality thereof. The Local Agency will not use 5% or more of the proceeds of the Obligations to make or finance loans the payment of principal or interest with respect to which is guaranteed in whole or in part by the United States or any agency or instrumentality thereof.

**2.5 No Refunding.** Proceeds of the Obligations will not be used directly or indirectly to make principal, interest or premium payments with respect to any obligation other than the Obligations.

2.6 **No Hedge Bonds.** The Local Agency reasonably expects that more than 85% of proceeds of the Obligations will be expended for the purposes of the Obligations within three years.

2.7 **Debt Service Funds.** Payments of debt service on the Obligations generally are expected to be derived from current revenues of the Local Agency in each year, and Current revenues are expected to equal or exceed debt service on the Obligations during each payment period. Revenues actually used in less than six months from the date first received to pay debt service on Obligations are referred to herein as "Current Revenues." The account, or portion thereof, used by the Local Agency to pay debt service on the Obligations will be used primarily to achieve a proper matching of revenues and debt service within each year. To the extent of Current Revenues, such account in the aggregate will be depleted at least once a year except for a carryover amount not to exceed the greater of the earnings on such account for the immediately preceding year or 1/12 of the debt service in respect of the Obligations for the immediately preceding year. Current Revenues contributed to such account will be spent within thirteen months after the date of such contribution, and any amounts received from the investment or reinvestment of monies held in such funds will be expended within one year after the date of accumulation thereof in any such fund. Current Revenues in such account shall be invested without regard to yield. Revenues other than Current Revenues will not be invested in Investment Property with a yield exceeding the yield on the Obligations.

2.8 **No Other Replacement Proceeds.** The Local Agency will not use any proceeds of the Obligations directly or indirectly to replace funds of the Local Agency which are or will be used directly or indirectly to acquire Investment Property reasonably expected to produce a yield that is materially higher than the yield on the Obligations. The weighted average maturity of the Obligations does not exceed 120% of the expected weighted average economic useful life of the Project.

2.9 **No Expected Sale.** It is not expected that the Project or any part thereof will be sold or otherwise disposed of before the maturity date of the Obligations.

### ARTICLE III. OTHER MATTERS

3.1 **Expectations.** The undersigned is an authorized representative of the Local Agency acting for and on behalf of the Local Agency in executing this Local Agency Tax Certificate. To the best of the knowledge and belief of the undersigned, there are no other facts, estimates or circumstances that would materially change the expectations as set forth herein, and said expectations are reasonable.

3.2 **Amendments.** Notwithstanding any other provision of this Local Agency Tax Certificate, the Local Agency may amend this Local Agency Tax Certificate and thereby alter any actions allowed or required by this Local Agency Tax Certificate if such amendment is signed by an authorized officer and is supported by formal written agreement by the State.

3.3 **Survival of Defeasance.** Notwithstanding any provision in this Local Agency Tax Certificate to the contrary, the obligation to comply with all requirements contained in this Local Agency Tax Certificate shall survive defeasance or prepayment of the Obligations.

Dated: \_\_\_\_\_, 200\_\_\_\_.

By \_\_\_\_\_  
[Name/Title]

[LOCAL AGENCY]

Incumbency Certificate

I, \_\_\_\_\_, County Auditor of the County of \_\_\_\_\_, Washington, do hereby certify that the following is a true and correct listing of the [Commissioners][City Council members] of the \_\_\_\_\_ and their terms of office:

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Dated this \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_, County Auditor

# Checklist for Financing Equipment



- 1) Notify County Treasurer, if applicable..... ☐
- 2) Submit **Notice of Intent** (page 9)..... ☐
- 3) Receive acknowledgment of Notice of Intent ..... ☐
- 4) Complete **Credit Form**, if applicable (pages 13 -15)..... ☐
- 5) Receive credit approval ..... ☐
- 6) Provide the following signed agency documents prior to the cut-off date:
  - Reimbursement Resolution** (page 17) ☐
  - Authorizing Resolution** or, for cities, **Ordinance** (page 18 or 19)..... ☐
  - Certificate of Authorizing Resolution or Ordinance** (page 22) ☐
  - Certificate Designating Authorized Agency Representatives** (page 23)..... ☐
  - Personal Property Certificate** (page 24) ..... ☐
  - Local Agency Financing Contract** Personal Property (page 25)..... ☐
  - Opinion of Local Agency Counsel** (page 31) ..... ☐
  - Tax Certificate** (pages 33 - 35) ☐
  - Evidence of Incumbency** (page 36) ☐
- 7) Provide the following items:
  - After equipment is received and accepted, provide copy of vendor invoices when seeking payment ..... ☐
  - Evidence of personal property insurance..... ☐

**Remember: All documentation must be provided to the Office of the State Treasurer by the All Documents In cutoff date to be included in the next financing.**



# Checklist

## for Financing Real Estate



Contact Office of the State Treasurer for forms

- 1) Notify County Treasurer, if applicable ☐
- 2) Submit **Notice of Intent** with **Real Estate Worksheet** (pages 9 - 12) ☐
- 3) Receive acknowledgment of Notice of Intent ☐
- 4) Complete **Credit Form** (pages 13 - 15) ☐
- 5) Receive credit approval ☐
- 6) Provide the following signed documents prior to the cut-off date:
  - Reimbursement Resolution** (page 17) ☐
  - Authorizing Resolution** or, for cities, **Ordinance** – Real Prop. (page 20 or 21) ☐
  - Certificate of Authorizing Resolution or Ordinance** (page 22) ☐
  - Certificate Designating Authorized Agency Representatives** (page 23) ☐
  - Local Agency Financing Lease** - Real Property (page 26) ☐
  - Local Agency Site Lease** – Real Property (pages 27 - 30) ☐
  - Opinion of Local Agency Counsel** – Real Property (page 32) ☐
  - Tax Certificate** (pages 33 - 35) ☐
  - Evidence of Incumbency** (page 36) ☐
- 7) Provide the following items:
  - Evidence of property insurance (fire insurance in amount of financing or guaranteed replacement and proof of \$1million in liability coverage) ☐
  - Copy of current title insurance policy ☐
  - Copy of current loan documents, if a refinance ☐
  - Proof of items paid for (ie. cancelled warrants), if a reimbursement ☐

**Remember: All documentation must be provided to the Office of the State Treasurer by the All Documents In cutoff date to be included in the next financing.**